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Message Text

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12
ACTION ARA-10

INFO OCT-01 ISO-00 TRSE-00 AID-05 EB-07 OMB-01 PM-04

NSC-05 SP-02 SS-15 CIAE-00 DODE-00 INR-07 NSAE-00

PA-01 USIA-06 PRS-01 /065 W
---------- 083594
R 092147Z JUL 76
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3909

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E.O. 11652: N/A
TAGS: EFIN, EGEN, EARL, VE
SUBJ: GOVERNMENT FINANCES - 1977 BUDGET

REF: CARACAS 6010, CARACAS 0850

1. VICE MINISTER OF FINANCE CARLOS OBREGON TOLD PRESS JULY 8 THAT GOV INTENDS TO REDUCE GROWTH RATE IN CURRENT BUDGETARY EXPENDITURES BY 7 PERCENT NEXT YEAR, DOWN FROM 12 PERCENT GROWTH RATE THIS YEAR. OBREGON SAID THAT ON JULY 9 MINISTERIAL LEVEL MEETINGS WILL BEGIN TO WORK OUT SPECIFIC DETAILS OF THE DRAFT 1977 BUDGET.

2. OBREGON SAID THAT, IN PRINCIPLE, EXPENDITURES WILL BE APPROXIMATELY THE SAME AS IN 1976, ON THE ORDER OF BS. 33 BILLION AND THAT THE GOV HOPES AS WELL TO MAINTAIN THE CURRENT LEVEL OF PETROLEUM PRODUCTION AT 2.2 MILLION B/D FOR THE NEXT FIVE YEARS. OBREGON SAID THAT A SPECIAL EFFORT WILL BE MADE TO KEEP GROWTH RATE IN GOVERNMENT EXPENDITURES DOWN TO 5 PERCENT, AS CALLED FOR IN THE GOV'S FIFTH NATIONAL PLAN. THIS HAS ALSO BEEN ACCOMPLISHED, IN PART, HE NOTED, BY FREEZING GOVERNMENT EMPLOYMENT AND BY OTHER UNDEFINED MEASURES.

3. COMMENT: OBREGON APPARENTLY MADE NO DIRECT MENTION OF TAX REFORM MEASURES (SEE REFTELS), AND IT REAMINS TO BE SEEN
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WHETHER THE GOV IN FACT PLANS TO SUBMIT ANY TAX REFORM BILL

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TO THE CONGRESS, ALTHOUGH THE MINISTRY OF FINANCE STRONGLY SUPPORTS SUCH MEASURES.

4. 1977 BUDGET FIGURES THEMSELVES ARE SAME AS THOSE MENTIONED BY FINANCE MINISTER HURTADO IN MAY (CARACAS 6010). OBREGON DID NOT SAY WHETHER ALLOCATION OF 177 BUDGET WOULD BE BY ECONOMIC FUNCTION RATHER THAN BY MINISTRY AS NOTED EARLIER BY HURTADO. IF THIS IS THE CASE, WE PRESUME GOV BUDGET AUTHORITIES AND FINANCE MINISTRY WOULD HAVE LESS OPPOSITION TO REDUCE GROWTH RATE OF EXPENDITURES THAN IF EACH MINISTRY SUBMITTED ITS OWN BUDGET IN THE TRADITIONAL MANNER.
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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, GOVERNMENT EXPENDITURES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ullricre
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
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Disposition Reason:
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